



environmental consultants, inc.

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December 13, 2004

Ms. Mary Ann Wright  
Acting Director, Mining

Mr. Darron Haddock  
Permit Supervisor

Utah Division of Oil Gas and Mining  
1594 West north Temple, Suite 1210  
P.O. Box 145801  
Salt Lake City, Utah 84114-5801

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DIV. OF OIL, GAS & MINING

RE: Request for Release of Remaining Reclamation Bond, North Lily Mining Company,  
Silver City, Utah Facility

Dear Ms. Wright and Mr. Haddock:

It has been three years since final reclamation, which consisted of revegetation-related work, has been completed at North Lily Mining Company's Silver City Heap Leach Facility. The remaining bond amount held by the Division of Oil Gas and Mining is \$23,200 plus accrued interest. This amount was determined by the Division as the surety amount necessary to be retained by the Division for the November 2001 revegetation work. The previously held surety was released in three parts, the last following completion of the reclamation work in 2001.

As the Division is aware, North Lily went into and then arose from Chapter 11 bankruptcy. JBR continued to work with the Division and North Lily prior to, during and following the bankruptcy filing. Although North Lily lacked cash from which to pay JBR, North Lily agreed to authorize the release of the remaining bond to JBR as partial payment for the outstanding amount owed by North Lily. The bankruptcy court authorized the 'assignment' of the bond release to JBR. The Division was notified of these decisions and accepted this decision.

We believe that both the spirit and intent of the reclamation efforts at Silver City have been met. The former eyesore has been eliminated, all hazardous materials have been removed, leach solutions were eliminated through evaporation, emptied solution ponds were backfilled, the 20-acre heap leach was regraded, the mill and pond area was regraded to a natural-looking appearance, an expensive and highly effective subsurface infiltration gallery that receives solution draindown from the reclaimed leach pad was designed and installed, soils in the plant

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MS. MARY ANN WRIGHT, MR. WAYNE HEDBURG

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and pond area and the heap material itself were amended with composted cow manure and reseeded, and the site was fenced.

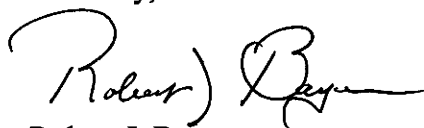
Revegetation at the site has been successful in substantial part. The lower west slope of the heap is poorly revegetated because of the high soil salinity as evidenced by the salt staining that appears at the surface in this area. Although topsoil had been stockpiled at the site for use during reclamation, the Division, concerned that this soil would serve as a seed source for spotted knapweed (which had moved into the area following range fires in recently preceding years) elected not to have the topsoil reapplied. Instead the topsoil stockpile was graded as necessary to blend with the regraded terrain and reseeded.

Since the infiltration gallery was completed, JBR has been monitoring not only vegetation success, but also the rate of discharge of draindown water from the reclaimed heap and the water quality of that discharge. Our monitoring reports to the Division of Water Quality, of which the Division has also received copies, indicate that water quality has steadily improved and the discharge flow rates are within the capacity of the infiltration gallery.

JBR committed to both North Lily and the Division to see this project through to the end. We believe the project has now reached that point. During the course of the project, JBR has incurred unreimbursed costs that, with interest, approach \$100,000. Most of these costs were for subcontractors who provided composted manure, did the regrading, and installed the infiltration gallery. The outstanding reclamation bond is part of the compensation that JBR, North Lily, the bankruptcy court, and the Division have all agreed would be remitted to us following completion of satisfactory revegetation. Accordingly, we respectfully request that the remaining reclamation surety for the North Lily Silver City site, \$23,200 plus accrued interest, be released and remitted to JBR. In accordance with instructions previously provided by North Lily, please make the reclamation bond release check payable to JBR Environmental Consultants, Inc. and mail it to JBR's Sandy, Utah office at the letterhead address.

Your prompt attention to this request would be very much appreciated.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robert J. Bayer", written in a cursive style.

Robert J. Bayer  
Managing Principal